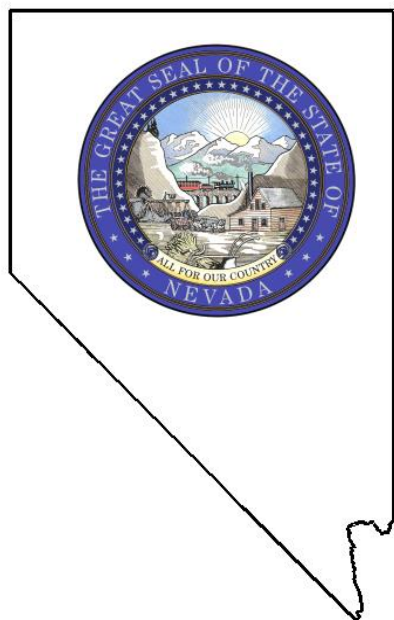


STATE OF NEVADA

Performance Audit

Department of Health and Human Services
Division of Child and Family Services

2016



Legislative Auditor
Carson City, Nevada

Audit Highlights



Highlights of performance audit report on the Division of Child and Family Services issued on May 24, 2016. Legislative Auditor report # LA16-11.

Background

The Division of Child and Family Services (Division) was established in 1991 within the Department of Health and Human Services. Its mission, together in genuine partnership with families, communities, and county governmental agencies, is to provide support and services to assist Nevada's children and families in reaching their full human potential.

The Division provides a wide range of services for the children, youth, and families in Nevada. Program areas include Child Welfare Services, Juvenile Justice Services, Children's Mental and Behavioral Health Services, Administrative and Support Services, and direct services as well as oversight for programs administered at the county and local levels.

In fiscal year 2015, the Division had 23 budget accounts with revenues and expenditures of over \$227 million. The Division is funded primarily by state and federal funds, which amounted to \$120 million and \$89 million, respectively, in fiscal year 2015. As of June 30, 2015, the Division had 791 filled positions located in Carson City, Las Vegas, Reno, and various offices in rural Nevada. The Administrator's Office is located in Carson City.

Purpose of Audit

The purpose of this audit was to analyze and describe funding and expenditures relating to services provided by the Division, including key controls and performance data, and evaluate controls over performance measures. Our audit focused on funding, expenditures, and performance data for fiscal years 2010 to 2015, and performance measures for fiscal year 2014.

Audit Recommendations

This audit report contains three recommendations to improve the monitoring of child welfare services block grants and the reliability of performance measures.

The Division accepted the three recommendations.

Recommendation Status

The Division's 60-day plan for corrective action is due on August 18, 2016. In addition, the six-month report on the status of audit recommendations is due on February 20, 2017.

Division of Child and Family Services

Department of Health and Human Services

Summary

The Division provides a wide range of services for the children, youth, and families in Nevada. Child Welfare Services are provided by the Division in the 15 rural Nevada counties, and by Clark County Department of Family Services and Washoe County Department of Social Services in the remaining two counties. The Division provides Juvenile Justice Services statewide and Children's Mental and Behavioral Health Services in the urban counties. We found that although the Division provided adequate oversight of county-administered child welfare services, improvements are needed to ensure statutory reports are submitted complete and timely, and thoroughly reviewed for compliance with state law.

The Division can take steps to strengthen the reliability of its performance measures. Underlying records did not adequately support some of the reported measures and an inappropriate methodology was used for one measure. It is important for performance measures to be reliable because they can affect budget and policy decisions made by agency managers and oversight bodies, and judgments made by stakeholders and the public about the Division's operations. Following written procedures for review and document retention will improve oversight and the reliability of performance measures.

Key Findings

Child Welfare Services' revenues and expenditures are recorded in nine state budget accounts. During fiscal year 2015, this amounted to over \$142.3 million, with 64% relating to services provided in Clark County, 21% in Washoe County, and 13% in the rural counties. The other 2% relates to services provided statewide. Since fiscal year 2010, Child Welfare Services' revenues and expenditures have increased by \$17.2 million or 14%. Revenue consists of approximately 50% state and 46% federal funds, with the remainder coming from fee collections, county assessments, and other miscellaneous revenue. (page 6)

Improvements are needed over the Division's monitoring of county block grants. The Division awards a block grant to Nevada's urban counties for providing child welfare services. The Division also allocates grant funds for adoption assistance programs and incentive funds to stimulate and support improvements in child welfare services. State law specifies certain reporting requirements for child welfare agencies. We reviewed the reports relating to fiscal year 2015 funding and found untimely submittals, incomplete reports, and undocumented reviews. With \$64.6 million in block grant funding in fiscal year 2015, it is imperative the Division adequately monitor the performance of child welfare agencies to ensure state and federal funds are being appropriately spent on child welfare services and help ensure the children and families served receive quality services. (page 11)

Juvenile Justice Services' revenues and expenditures are recorded in 10 state budget accounts. During fiscal year 2015, this amounted to over \$30.9 million, with 60% relating to services provided by Juvenile Correctional Care, 17% Youth Parole Bureau, and 13% Youth Alternative Placement. The other 10% represents services provided by the Juvenile Justice Programs' Office, which sub-grants federal funds to local jurisdictions for community-based programming. Since fiscal year 2010, Juvenile Justice Services' revenues and expenditures have decreased by \$3.2 million or 9%. Revenue consists of 86% state funds, 12% county assessments, and 2% federal funds. (page 14)

Children's Mental and Behavioral Health Services' revenues and expenditures are recorded in four state budget accounts. During fiscal year 2015, this amounted to over \$31 million, with 74% relating to services provided by Southern Nevada Child and Adolescent Services and 26% by Northern Nevada Child and Adolescent Services. Since fiscal year 2010, Children's Mental and Behavioral Health Services' revenues and expenditures have decreased by \$1.5 million or 5%. Revenue consists of 52% federal and 46% state funds, with the remainder coming from patient collections and rental income. (page 21)

We found that the Division lacked sufficient controls to ensure performance measures were reliable. During fiscal year 2014, the Division reported 45 performance measures, and we found control weaknesses in 8 of these measures. Detailed supporting documentation was not retained for seven measures. Methodology used for calculating one measure was not appropriate. Performance measures cannot be considered reliable unless sufficient underlying records support them and calculations are adequately reviewed. (page 27)

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This report contains the findings, conclusions, and recommendations from our performance audit of the Division of Child and Family Services. This audit was conducted pursuant to the ongoing program of the Legislative Auditor as authorized by the Legislative Commission. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions.

This report includes three recommendations to improve the monitoring of child welfare services block grants and the reliability of performance measures. We are available to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other state officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Rocky Cooper".

Rocky Cooper, CPA
Legislative Auditor

May 2, 2016
Carson City, Nevada

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Introduction

Background

The Division of Child and Family Services (Division) was established in 1991 within the Department of Health and Human Services. Its mission, together in genuine partnership with families, communities, and county governmental agencies, is to provide support and services to assist Nevada's children and families in reaching their full human potential. The Division recognizes that Nevada's families are our future and children, youth, and families thrive when they live in safe, permanent settings; experience a sense of sustainable emotional and physical well-being; and receive support to consistently make positive choices for family and the common good.

The Division is responsible for (1) child protective and welfare service delivery in rural Nevada and oversight of urban county-operated child protective and welfare services; (2) children's mental and behavioral health treatment (outpatient and inpatient acute) and residential services in urban Nevada; and (3) statewide juvenile justice services including state-operated youth training centers and youth parole.

The Division is statutorily required to:

- Aid in the preservation, rehabilitation, and reunification of families.
- Ensure that children are placed in the least restrictive environment available which is appropriate to their needs.
- Coordinate and provide services for youth who are in need of residential care or in need of treatment, or both.
- Provide a comprehensive state system for the coordination and provision of services to children and families who need

assistance relating to juvenile justice and the care, welfare, and mental health of children.

The Division provides a wide range of services for the children, youth, and families in Nevada. Program areas include Child Welfare Services, Juvenile Justice Services, Children’s Mental and Behavioral Health Services, Administrative and Support Services, and direct services as well as oversight for programs administered at the county and local levels. Exhibit 1 shows the types of services provided by each program area.

Types of Services By Program Area

Exhibit 1

Child Welfare Services	Juvenile Justice Services	Children's Mental and Behavioral Health Services	Administrative and Support Services
Child Protective Services	Youth Alternative Placement	Inpatient Hospital Treatment Services	Grant Management and Fiscal Administration
Intensive Family Services	Juvenile Correctional Care	Specialized Foster Care Homes (Oasis On-Campus Treatment Homes and Family Learning Homes)	Federal Reporting on Child Welfare and Services
Foster Care Licensing	Academic/Vocational Training	Acute Residential Treatment Center	Personnel and Payroll
Foster Care Placements	Youth Parole - Supervision and Services	Adolescent Residential Treatment Center	Fiscal Services
Child Abuse and Neglect Registry	Interstate Compact for Juveniles	Early Childhood Services	Contracts Administration
Interstate Compact for the Placement of Children	Grant Administration	Outpatient Treatment Services	Eligibility Determination for Federal Programs to Youth
Indian Child Welfare Act Administration	Juvenile Justice Delinquency Prevention Act Compliance	Intensive Care Coordination Services	Domestic Violence Victims Assistance
Services to Foster Youth Transitioning to Adulthood		Children's Mental and Behavioral Health Consortia	Systems Advocate Office
Adoption Placement		Training	Compliance and Oversight for Various Programs
		Program Evaluation	Information Management Systems

Source: Division’s Data Book as of June 30, 2015.

Budget and Staffing

In fiscal year 2015, the Division had 23 budget accounts with revenues and expenditures of over \$227 million. The Division is funded primarily by state and federal funds, which amounted to \$120 million and \$89 million, respectively, in fiscal year 2015. Exhibit 2 shows the Division's revenues and expenditures for fiscal year 2015.

Division's Revenues and Expenditures Fiscal Year 2015

Exhibit 2

	Amount	Percent of Total
Revenues		
State Funds	\$120,088,334	52.74%
Federal Funds	88,752,750	38.97%
Fee Collections ⁽¹⁾	15,618,440	6.86%
County Assessments	6,136,106	2.69%
Transfers from Other State Agencies ⁽²⁾	3,731,249	1.64%
Beginning Cash	3,320,406	1.46%
Interagency Transfers	1,841,273	0.81%
Other Revenue ⁽³⁾	1,438,603	0.63%
Gifts and Donations	145,323	0.06%
Carry Forward to Subsequent Fiscal Year	(3,728,740)	-1.64%
Reversions to General Fund	(9,618,787)	-4.22%
Total Revenues	\$227,724,957	100.00%
Expenditures		
Program Costs	\$159,798,965	70.17%
Personnel	54,813,049	24.07%
Operating & Travel	9,766,023	4.29%
Information Services	2,205,568	0.97%
State Cost Allocations	1,120,294	0.49%
Purchasing Assessment	21,058	0.01%
Total Expenditures	\$227,724,957	100.00%

Source: State accounting system.

⁽¹⁾ Collections include county recorder document fees; State Registrar death certificate fees; patient, insurance, and Medicaid collections; and marriage license fees.

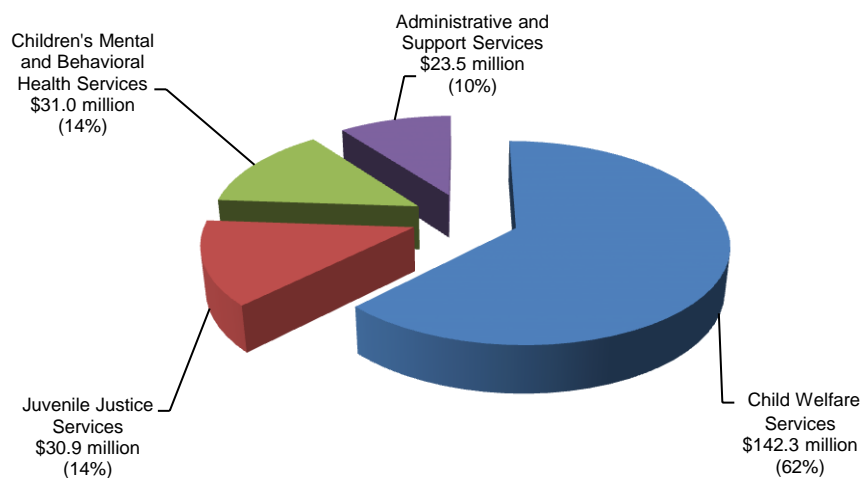
⁽²⁾ Transfers consist of federal grant revenue received by other state agencies and transferred to the Division.

⁽³⁾ Other revenue consists of child support payments, special program fines, social security payments, parental support payments, rental income, interest, and transfers from the state contingency fund.

As of June 30, 2015, the Division had 791 filled positions located in Carson City, Las Vegas, Reno, and various offices in rural

Nevada. The Administrator's Office is located in Carson City. Of the 791 positions, the number of positions by program area consisted of 100 Child Welfare Services, 194 Juvenile Justice Services, 379 Children's Mental and Behavioral Health Services, and 118 Administrative and Support Services. Exhibit 3 shows revenues and expenditures by program area for fiscal year 2015.

**Revenues and Expenditures by Program Area
Fiscal Year 2015** **Exhibit 3**



Source: State accounting system.

Scope and Objectives

The scope of our audit focused on funding, expenditures, and performance data for fiscal years 2010 to 2015, and performance measures for fiscal year 2014. Our analysis includes Division revenues and expenditures recorded in the state accounting system, and excludes financial information of other state agencies and counties providing child and family services. During the 2015 Legislative Session, concerns were raised regarding the Division's funding streams and how these funds are utilized. We considered these concerns as we developed our audit objectives. Our audit objectives were to:

- Analyze and describe funding and expenditures relating to services provided by the Division, including key controls and performance data.

- Evaluate controls over performance measures.

This audit is part of the ongoing program of the Legislative Auditor as authorized by the Legislative Commission, and was made pursuant to the provisions of NRS 218G.010 to 218G.350. The Legislative Auditor conducts audits as part of the Legislature's oversight responsibility for public programs. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions.

Funding and Expenditures for Division Services

The Division provides a wide range of services for the children, youth, and families in Nevada. Child Welfare Services are provided by the Division in the 15 rural Nevada counties, and by Clark County Department of Family Services and Washoe County Department of Social Services in the remaining two counties. The Division provides Juvenile Justice Services statewide and Children's Mental and Behavioral Health Services in the urban counties. We found that although the Division provided adequate oversight of county-administered child welfare services, improvements are needed to ensure statutory reports are submitted complete and timely, and thoroughly reviewed for compliance with state law.

Child Welfare Services

The Division provides child protective and welfare services in rural counties and monitors services provided by county-operated agencies in Clark and Washoe Counties. Nevada Revised Statutes (NRS 432B.180(3)) requires monitoring include data collection, evaluation of services, and the review and approval of agency improvement plans.

Child welfare agencies provide a continuum of services. This includes case management services that support the child, parents, and caregivers. The continuum also includes emergency shelter care, foster family care (including relative placements), group home care, therapeutic foster care, respite care, residential treatment care both in and out-of-state, and independent living services. Additional services include in-home counseling (family preservation/intensive family services), early childhood services, and other outpatient services.

Child Welfare Services' revenues and expenditures are recorded in nine state budget accounts. During fiscal year 2015, this

amounted to over \$142.3 million, with 64% relating to services provided in Clark County, 21% in Washoe County, and 13% in the rural counties. The other 2% relates to services provided statewide. Since fiscal year 2010, Child Welfare Services' revenues and expenditures have increased by \$17.2 million or 14%. Revenue consists of approximately 50% state and 46% federal funds, with the remainder coming from fee collections, county assessments, and other miscellaneous revenue. Exhibit 4 shows state revenues and expenditures by child welfare agency for fiscal years 2010 to 2015.

**Child Welfare Services
Revenues and Expenditures
Fiscal Years 2010 to 2015**

Exhibit 4

Child Welfare Agency	2010	2011	2012	2013	2014	2015
Clark	\$ 77,472,333	\$ 78,560,727	\$ 78,444,217	\$ 79,791,092	\$ 89,645,359	\$ 90,121,460
Washoe	26,736,142	28,794,795	28,328,060	30,514,507	28,827,696	30,171,465
Rurals	16,158,279	15,695,165	15,316,624	15,747,808	17,920,550	18,836,997
Statewide	4,775,960	4,711,939	4,093,060	4,031,220	3,546,123	3,208,297
Totals	\$125,142,714	\$127,762,626	\$126,181,961	\$130,084,627	\$139,939,728	\$142,338,219

Source: State accounting system.

Note: The amounts stated above do not include county revenues, only state funds given to the counties to provide child welfare services.

Foster Care Payments

Child welfare agencies provide foster care payments for eligible children in licensed foster homes, foster homes of relatives, group homes, emergency shelters, residential facilities, and public and private child care institutions and pre-adoptive homes. Payments are intended to provide the foster parent with funds to meet the child's physical needs, including the cost of room and board, personal needs, school needs, transportation, clothing, and allowance. Federal and state monies fund foster care payments.

Foster care payments are based on the age of the child. Children between birth and 12 years of age may receive up to \$683 a month, while children 13 years and older may receive up to \$773 a month. An additional amount can also be paid for the care of a child with special needs. These special needs can include educational needs, psychological and behavioral needs, and/or medical and dental needs.

During fiscal year 2015, child welfare agencies paid about \$29.2 million in foster care payments, with 68% paid by Clark County, 24% by Washoe County, and 8% by the Division for the rural counties. Since fiscal year 2010, foster care payments have decreased by \$4.9 million or 14%. Exhibit 5 shows foster care payments paid by child welfare agencies from fiscal years 2010 to 2015.

**Foster Care Payments
Fiscal Years 2010 to 2015**

Exhibit 5

Child Welfare Agency	2010	2011	2012	2013	2014	2015
Clark	\$24,159,372	\$22,814,283	\$21,429,876	\$22,425,151	\$21,795,200	\$19,818,019
Washoe	7,053,581	6,601,356	5,667,236	5,827,550	6,492,650	7,049,926
Rurals	2,959,653	2,923,768	2,647,195	2,707,147	2,566,921	2,363,664
Totals	\$34,172,606	\$32,339,407	\$29,744,307	\$30,959,848	\$30,854,771	\$29,231,609

Source: Auditor prepared from Division records.

During fiscal year 2015, the monthly average number of children placed in foster care statewide was 2,872. The average foster care payment per child was \$10,178 yearly or \$848 monthly. Exhibit 6 shows the monthly average number of children placed in foster care by child welfare agency and payment per child from fiscal years 2010 to 2015.

Foster Care Children and Payments Fiscal Years 2010 to 2015

Exhibit 6

Child Welfare Agency	Monthly Average Number of Foster Care Children					
	2010	2011	2012	2013	2014	2015
Clark	2,262	2,203	2,101	2,176	2,156	1,951
Washoe ⁽¹⁾	524	494	475	503	607	657
Rurals	289	291	267	255	231	264
Totals	3,075	2,988	2,843	2,934	2,994	2,872

Child Welfare Agency	Average Yearly Payment Per Child					
	2010	2011	2012	2013	2014	2015
Clark	\$10,681	\$10,356	\$10,200	\$10,306	\$10,109	\$10,158
Washoe ⁽¹⁾	13,461	13,363	11,931	11,585	10,696	10,730
Rurals	10,241	10,047	9,915	10,616	11,112	8,953
Averages⁽²⁾⁽³⁾	\$11,113	\$10,823	\$10,462	\$10,552	\$10,305	\$10,178

Child Welfare Agency	Average Monthly Payment Per Child					
	2010	2011	2012	2013	2014	2015
Clark	\$890	\$863	\$850	\$859	\$842	\$846
Washoe ⁽¹⁾	1,121	1,113	994	965	891	894
Rurals	853	837	826	885	926	746
Averages⁽²⁾⁽³⁾	\$926	\$901	\$871	\$879	\$858	\$848

Source: Auditor prepared from Division records.

⁽¹⁾ The monthly average number of foster care children and average yearly and monthly payment per child does not include children in, or payments for, emergency shelter care in Washoe County.

⁽²⁾ According to management, the payment per child has decreased over the last 6 fiscal years as a result of an increase in the number of children placed with unpaid/unlicensed relatives.

⁽³⁾ Statewide yearly averages were calculated by dividing total foster care payments by the total monthly average number of foster care children. Monthly average payments were calculated by dividing this amount by 12 months.

Adoption Subsidy Payments

Child welfare agencies provide adoption subsidy payments to encourage and support the adoption of special needs children from foster care, by enabling families to adopt without placing an undue burden on the family. A child for whom placement with an adoptive family is made more difficult because of the child's age, race, number of siblings, or because the child suffers from a severe or chronic medical, physical, mental, or emotional condition is considered to have special needs.

Adoption subsidy payments provide assistance with medical coverage, limited reimbursement of adoption related costs, social services, and financial assistance. Federal and state funding is used for providing families with assistance payments. The circumstances of the family and the needs of the child are taken

into consideration when determining the payment amount, which cannot exceed established foster care rates.

During fiscal year 2015, child welfare agencies paid about \$42 million in adoption subsidy payments, with 72% paid by Clark County, 21% by Washoe County, and 7% by the Division. Since fiscal year 2010, adoption subsidy payments have increased by \$17.8 million or 74%. Exhibit 7 shows adoption subsidy payments paid by each child welfare agency from fiscal years 2010 to 2015.

**Adoption Subsidy Payments
Fiscal Years 2010 to 2015**

Exhibit 7

Child Welfare Agency	2010	2011	2012	2013	2014	2015
Clark	\$17,142,468	\$19,704,845	\$22,694,981	\$25,030,200	\$27,853,646	\$30,411,102
Washoe	5,535,794	6,165,030	7,097,196	7,670,743	8,134,364	8,697,457
Rurals	1,475,382	1,746,213	2,054,124	2,366,372	2,586,525	2,857,550
Totals	\$24,153,644	\$27,616,088	\$31,846,301	\$35,067,315	\$38,574,535	\$41,966,109

Source: Auditor prepared from Division records.

During fiscal year 2015, the monthly average number of children with adoption agreements statewide was 6,137. Of these children, 5,774 had special needs and qualified for an adoption subsidy payment. The average adoption subsidy payment was \$7,268 yearly or \$606 monthly. Exhibit 8 shows the monthly average number of children with adoption agreements for each child welfare agency, those with special needs, and payment per special needs child from fiscal years 2010 to 2015.

Children With Adoption Agreements and Payments Fiscal Years 2010 to 2015

Exhibit 8

Child Welfare Agency	Monthly Average Number of Children					
	2010	2011	2012	2013	2014	2015
Clark	2,473	2,819	3,284	3,662	4,041	4,401
Washoe	941	1,018	1,135	1,203	1,253	1,321
Rurals	262	295	326	360	389	415
Totals⁽¹⁾	3,676	4,132	4,745	5,225	5,683	6,137

Child Welfare Agency	Monthly Average Number of Children With Special Needs					
	2010	2011	2012	2013	2014	2015
Clark	2,299	2,636	3,060	3,412	3,782	4,125
Washoe	868	952	1,076	1,144	1,195	1,267
Rurals	225	258	294	326	355	382
Totals⁽¹⁾	3,392	3,846	4,430	4,882	5,332	5,774

Child Welfare Agency	Average Yearly Payment Per Special Needs Child					
	2010	2011	2012	2013	2014	2015
Clark	\$7,456	\$7,475	\$7,417	\$7,336	\$7,365	\$7,372
Washoe	6,378	6,476	6,596	6,705	6,807	6,865
Rurals	6,557	6,768	6,987	7,259	7,286	7,480
Averages⁽²⁾	\$7,121	\$7,180	\$7,189	\$7,183	\$7,235	\$7,268

Child Welfare Agency	Average Monthly Payment Per Special Needs Child					
	2010	2011	2012	2013	2014	2015
Clark	\$621	\$623	\$618	\$611	\$614	\$614
Washoe	531	540	550	559	567	572
Rurals	546	564	582	605	607	623
Averages⁽²⁾	\$593	\$598	\$599	\$599	\$603	\$606

Source: Auditor prepared from Division records.

⁽¹⁾ According to management, the number of children with adoption agreements has increased over the last 6 fiscal years as a result of clearing the adoption backlog in Clark County and an increase in federal funding and adoption tax incentives.

⁽²⁾ Statewide yearly averages were calculated by dividing total adoption subsidy payments by the total monthly average number of special needs children with adoption agreements. Monthly average payments were calculated by dividing this amount by 12 months.

Monitoring of Block Grants Could Be Improved

Improvements are needed over the Division's monitoring of county block grants. The Division awards a block grant to each agency which provides child welfare services in a county whose population is 100,000 or more. The money may be used for any costs of providing child welfare services without restriction. The child welfare agency is not required to return any money remaining at year-end, as the money does not revert to the state General Fund. The Division also allocates grant funds for each agency's adoption assistance program. These funds may only be

used for costs associated with the program and any funds remaining at year-end must be reverted. Additionally, incentive funds are awarded to stimulate and support improvements in services provided by the child welfare agencies.

Child Welfare Services in the urban counties are provided by Clark County Department of Family Services and Washoe County Department of Social Services. During fiscal year 2015, these agencies received \$64.6 million in block grant funding, with 75% paid to Clark County and 25% to Washoe County. The total was allocated 53% to child welfare services, 36% to adoption assistance, and 11% to incentive funds. Exhibit 9 shows the allocation of block grant funding by county for fiscal year 2015.

Block Grant Funding⁽¹⁾ **Exhibit 9**
Fiscal Year 2015

County	Child Welfare	Adoption	Incentive	Total
Clark	\$24,984,564	\$18,315,980	\$5,250,000	\$48,550,544
Washoe	9,083,204	5,239,666	1,750,000	16,072,870
Totals	\$34,067,768	\$23,555,646	\$7,000,000	\$64,623,414

Source: Auditor prepared from Division records.

⁽¹⁾ Amounts include only state funds and do not include federal funding sources.

We reviewed the child welfare agencies' reports relating to fiscal year 2015 funding and found untimely submittals, incomplete reports, and undocumented reviews. Specifically, we found:

- Four of eight reports were not submitted by the statutorily defined deadlines. An improvement plan was 23 days late; incentive applications were 92 and 120 days late; and an incentive report was 11 days late.
- Three of eight reports were incomplete. An improvement plan was missing public input, and incentive applications were missing achievement of goals stated in prior applications.
- The Division did not review improvement plans and progress reports. Additionally, the Division's review of incentive applications and reports was not adequately

documented, including the calculation of incentive payments.

State law specifies certain reporting requirements for child welfare agencies.¹ Each agency shall submit a biennial improvement plan. The plan must include specific performance targets for improving the safety, permanency, and well-being of the children in the agency's care and the approach that will be taken to achieve these targets. Public input must also be solicited and included in the plan. Child welfare agencies shall then submit an annual report demonstrating progress towards meeting these targets.

Additionally, state law requires the Division to administer a program providing additional incentive payments. Clark and Washoe Counties may submit an incentive application, which must include specific goals, baseline data to support the need to achieve these goals, and the requested amount. If awarded an incentive amount, the counties must then submit an annual report demonstrating whether their stated goals were achieved.

The Division is also statutorily required to monitor the performance of child welfare agencies through data collection, evaluation of services, and review of agency reports. Using this data, the Division prepares an annual report to the Governor and the Legislature regarding achievement of specific performance targets set by each child welfare agency.

The Division sent periodic reminders of deadlines; however, staff did not actively enforce them. For example, Division policy states incentive payment applications will not be accepted if submitted more than 60 days late; however, we found applications submitted 92 and 120 days late that were accepted and incentive amounts approved. This occurred because policies do not mention the steps that should be taken and enforcement action for untimely submittals. Additionally, staff were unaware of their statutory duties for reviewing reports and the need to adequately document their review.

¹ See Appendix A for child welfare agency statutes.

The Division should adequately track, review, and document the review of agency reports ensuring Clark and Washoe Counties are abiding by state law for submitting complete and timely reports. With \$64.6 million in block grant funding in fiscal year 2015, it is imperative the Division adequately monitor the performance of child welfare agencies to ensure state and federal funds are being appropriately spent on child welfare services and help ensure the children and families served receive quality services.

Juvenile Justice Services

The Division provides Juvenile Justice Services to youths ages 12 to 21 who have been committed to the Division for either delinquent behavior or to access services for mental health treatment. Juvenile Correctional Care is provided at three youth centers. Generally, youth who are committed for care are placed in one of the centers for an average of 6 to 9 months. Community-based programming is also available at three county youth camps through the Division's Youth Alternative Placement program.

Upon successful completion of the programming, youth are released back into the community with supervision and case management services provided by the Youth Parole Bureau. Youth committed for mental health treatment are placed directly on parole, and receive treatment and case management services based on their identified needs.

Juvenile Justice Services' revenues and expenditures are recorded in 10 state budget accounts. During fiscal year 2015, this amounted to over \$30.9 million, with 60% relating to services provided by Juvenile Correctional Care, 17% Youth Parole Bureau, and 13% Youth Alternative Placement. The other 10% represents services provided by the Juvenile Justice Programs' Office, which sub-grants federal funds to local jurisdictions for community-based programming. Since fiscal year 2010, Juvenile Justice Services' revenues and expenditures have decreased by \$3.2 million or 9%. Revenue consists of 86% state funds, 12% county assessments, and 2% federal funds. Exhibit 10 shows revenues and expenditures by program for fiscal years 2010 to 2015.

**Juvenile Justice Services
Revenues and Expenditures
Fiscal Years 2010 to 2015**

Exhibit 10

Program	2010	2011	2012	2013	2014	2015
Juvenile Correctional Care	\$22,168,060	\$17,026,974	\$16,459,778	\$16,048,713	\$17,225,306	\$18,434,496
Youth Parole Bureau	5,451,291	5,404,137	4,576,390	4,490,042	5,217,299	5,250,433
Youth Alternative Placement	3,702,597	3,532,099	3,532,099	3,532,099	4,191,465	4,191,465
Juvenile Justice Program	2,784,513	3,278,277	3,938,829	3,563,211	3,664,135	3,071,209
Totals	\$34,106,461	\$29,241,487	\$28,507,096	\$27,634,065	\$30,298,205	\$30,947,603

Source: State accounting system.

Juvenile Correctional Care

Juvenile Correctional Care ensures children committed to the State for correctional care receive effective services in a safe, secure, healthy, and therapeutic environment by trained, qualified staff. The centers provide educational and vocational programs, counseling in life skills and independent living skills, substance abuse treatment and relapse prevention, anger management, grief counseling, and parenting classes.

The three youth centers include:

- Caliente Youth Center - 140 bed staff-secure facility located in Caliente serving male and female youth between the ages of 12 and 18.
- Nevada Youth Training Center - 60 bed staff-secure facility located in Elko serving male youth between the ages of 12 and 18.
- Summit View Youth Correctional Center - 48 bed maximum-security facility located in Las Vegas serving male juvenile offenders between the ages of 12 and 19. From October 2013 to March 2015, the facility operated through a public/private partnership with Rite of Passage. When the contract was terminated in March 2015, youth were transferred to Caliente Youth Center, Nevada Youth Training Center, or paroled. Improvements have been made to the facility since its closure in March 2015, and it reopened in February 2016 as a state-operated facility.

During fiscal year 2015, the costs for operating the three youth centers was over \$18.4 million, with 42% relating to Caliente Youth Center, 36% relating to Nevada Youth Training Center, and 22% relating to Summit View Youth Correctional Center. Summit View's costs include shut-down and start-up costs relating to its various closings and reopenings. Since fiscal year 2010, the operating costs for the three youth centers have decreased by \$3.7 million or 17%. Exhibit 11 shows youth center costs by center from fiscal years 2010 to 2015.

**Youth Center Costs
Fiscal Years 2010 to 2015**

Exhibit 11

Youth Center	2010	2011	2012	2013	2014	2015
Caliente Youth Center	\$7,768,501	\$7,522,580	\$7,679,040	\$7,684,668	\$7,784,120	\$7,763,949
Nevada Youth Training Center	9,373,082	8,820,127	7,316,456	6,895,352	6,410,830	6,545,734
Summit View Youth Correctional Center ⁽¹⁾	5,026,477	684,267	1,464,282	1,468,693	3,030,356	4,124,813
Totals	\$22,168,060	\$17,026,974	\$16,459,778	\$16,048,713	\$17,225,306	\$18,434,496

Source: State accounting system.

⁽¹⁾ Summit View Youth Correctional Center closed May 2010, due to state budget reductions. It reopened in October 2013 and closed again in March 2015, when the contract with Rite of Passage was terminated. The facility reopened in February 2016 as a state-operated facility.

During fiscal year 2015, the monthly average number of children residing in the three youth centers was 216. The yearly cost per child was \$85,345. Exhibit 12 shows the monthly average number of children residing in each youth center and yearly cost per child from fiscal years 2010 to 2015.

Youth Center Children and Costs Fiscal Years 2010 to 2015

Exhibit 12

Youth Center	Monthly Average Number of Children					
	2010	2011	2012	2013	2014	2015
Caliente Youth Center	117	125	129	117	114	123
Nevada Youth Training Center	128	114	90	68	55	46
Summit View Youth Correctional Center ⁽¹⁾	NA	-	-	-	30	47
Totals	245	239	219	185	199	216

Youth Center	Yearly Cost Per Child					
	2010	2011	2012	2013	2014	2015
Caliente Youth Center	\$66,397	\$60,181	\$59,527	\$65,681	\$68,282	\$63,122
Nevada Youth Training Center ⁽²⁾	73,227	77,370	81,294	101,402	116,561	142,299
Summit View Youth Correctional Center ⁽¹⁾	NA	-	-	-	101,012	87,762
Averages⁽³⁾	NA	\$71,243	\$75,159	\$86,750	\$86,559	\$85,345

Source: Auditor prepared from state accounting system and Division records.

NA: The number of children residing at Summit View Youth Correctional Center was not available for fiscal year 2010 due to a lack of records resulting from personnel changes. Therefore, the yearly cost per child could also not be calculated.

⁽¹⁾ Summit View Youth Correctional Center closed May 2010 and reopened in October 2013. The facility closed again in March 2015 and reopened in February 2016.

⁽²⁾ According to management, the cost per child at Nevada Youth Training Center increased by 94% over the last 6 fiscal years as a result of the closing of a housing unit, decreasing the center's capacity from 120 to 60 children. While Nevada Youth Training Center's total expenditures decreased by 30% from fiscal year 2010 through fiscal year 2015, the monthly average number of children at the facility declined by 64%. In addition, while some expenses decreased, like personnel (33%), other expenses increased, like maintenance (271%) and education and training (170%).

⁽³⁾ Statewide yearly averages were calculated by dividing total youth center costs by the total monthly average number of children residing in the youth centers.

Youth Parole Bureau

Youth Parole Bureau provides supervision and case management services for:

- Youth from age 12 to 21 years who are committed to the Division for correctional and/or mental health care.
- Youth under the age of 12 years who are committed to the Division for correctional care but cannot by law be placed in a correctional program.
- Youth transferred to Nevada through the Interstate Compact on Juveniles.

Services provided by Youth Parole counselors include alternative placement, specialized treatment, intensive aftercare, drug education and counseling, transitional community integration, and drug testing. Counselors have the powers of a peace officer in

carrying out the functions of the Bureau. Youth Parole has offices in Elko, Fallon, Las Vegas, and Reno.

During fiscal year 2015, the cost of providing youth parole services was about \$5.3 million, with a majority of the costs relating to personnel, youth placement and reintegration, and operating and travel. Since fiscal year 2010, costs have decreased slightly by \$200,858 or 4%. Exhibit 13 shows Youth Parole Bureau costs from fiscal years 2010 to 2015.

**Youth Parole Bureau Costs
Fiscal Years 2010 to 2015**

Exhibit 13

Cost Description	2010	2011	2012	2013	2014	2015
Personnel	\$3,123,446	\$3,177,439	\$2,885,969	\$2,738,666	\$3,275,594	\$3,230,607
Youth Placement and Reintegration	1,220,903	1,187,852	1,151,625	1,235,959	1,328,681	1,386,962
Operating and Travel	465,562	431,360	449,701	451,380	506,992	522,286
Other Program Costs ⁽¹⁾	641,380	607,486	89,095	64,037	106,032	110,578
Totals	\$5,451,291	\$5,404,137	\$4,576,390	\$4,490,042	\$5,217,299	\$5,250,433

Source: State accounting system.

⁽¹⁾ Other program costs include national membership dues, interstate compact, transportation, information services, equipment, training, state allocations and purchasing assessments, and other miscellaneous costs. Additionally, in fiscal years 2010 and 2011, over \$500,000 was spent on detention contracts with the rural counties for housing delinquent youth. Due to budget constraints, these contracts were eliminated in 2012.

During fiscal year 2015, the monthly average number of children receiving youth parole services was 306. The yearly cost per child for providing these services was \$17,158. Exhibit 14 shows the monthly average number of children receiving youth parole services and yearly cost per child from fiscal years 2010 to 2015.

**Youth Parole Children and Costs
Fiscal Years 2010 to 2015**

Exhibit 14

Monthly Average Number of Children⁽¹⁾					
2010	2011	2012	2013	2014	2015
532	497	458	472	351	306
Yearly Cost Per Child					
2010	2011	2012	2013	2014	2015
\$10,247	\$10,874	\$9,992	\$9,513	\$14,864	\$17,158

Source: Auditor prepared from state accounting system and Division records.

⁽¹⁾ According to management, the number of children has decreased over the last 6 fiscal years as a result of multiple reforms, including family driven care.

Youth Alternative Placement

Youth Alternative Placement provides local jurisdictions with the ability to implement community-based programming for youth at risk of being committed to state correctional care. Community-based programming has long proven more cost-effective and healthier for the youth. Families have more opportunities to participate in the treatment, and youth have more opportunity to integrate effectively back into their own communities. Examples of services include intensive supervision programs, mental health and substance abuse treatment, evening reporting centers, academic programming, and county youth camps.

The three county youth camps housing children who have been adjudicated delinquent by Nevada courts include:

- China Spring Youth Camp and Aurora Pines Girls Facility – Douglas County facilities serving approximately 40 male and 16 female youth between the ages of 12 and 18.
- Spring Mountain Youth Camp – Clark County facility serving approximately 100 youth between the ages of 12 and 18.

During fiscal year 2015, the state costs for operating the three county youth camps was about \$4.2 million, with 88% relating to Douglas County facilities and 12% relating to Clark County. In addition to state funding, the Douglas County youth camps receive funding from county assessments collected by the Division. Douglas and Clark Counties' facilities also receive funding from their respective counties. Exhibit 15 shows state youth camp costs by camp from fiscal years 2010 to 2015.

**Youth Camp Costs
Fiscal Years 2010 to 2015**

Exhibit 15

Youth Camp	2010	2011	2012	2013	2014	2015
China Spring Youth Camp	\$2,151,428	\$2,072,999	\$2,072,999	\$2,072,999	\$3,704,215	\$3,704,215
Aurora Pines Girls Facility ⁽¹⁾	1,009,360	971,850	971,850	971,850	-	-
Spring Mountain Youth Camp	541,809	487,250	487,250	487,250	487,250	487,250
Totals	\$3,702,597	\$3,532,099	\$3,532,099	\$3,532,099	\$4,191,465	\$4,191,465

Source: State accounting system.

Note: The amounts stated above do not include county costs, only costs paid from state funds and county assessments (for Douglas County facilities only). Spring Mountain Youth Camp does not receive county assessment funds because it houses only youths from Clark County.

⁽¹⁾ Aurora Pines Girls Facility costs for fiscal years 2014 and 2015 were included with China Spring Youth Camp.

During fiscal year 2015, the monthly average number of children residing in the three county youth camps was 152. The yearly state cost per child was \$27,575. Exhibit 16 shows the monthly average number of children residing in each youth camp and yearly state cost per child from fiscal years 2010 to 2015.

**Youth Camp Children and State Costs
Fiscal Years 2010 to 2015**

Exhibit 16

Youth Camp	Monthly Average Number of Children					
	2010	2011	2012	2013	2014	2015
China Spring Youth Camp	41	40	40	38	39	38
Aurora Pines Girls Facility	18	15	17	14	14	18
Spring Mountain Youth Camp	99	98	98	96	95	96
Totals	158	153	155	148	148	152

Youth Camp	Yearly State Cost Per Child					
	2010	2011	2012	2013	2014	2015
China Spring Youth Camp	\$52,474	\$51,825	\$51,825	\$54,553	\$69,891	\$66,147
Aurora Pines Girls Facility ⁽¹⁾	56,076	64,790	57,168	69,418	-	-
Spring Mountain Youth Camp	5,473	4,972	4,972	5,076	5,129	5,076
Averages⁽²⁾	\$23,434	\$23,086	\$22,788	\$23,866	\$28,321	\$27,575

Source: Auditor prepared from state accounting system and Division records.

⁽¹⁾ The yearly cost per child for Aurora Pines Girls Facility was combined with China Spring Youth Camp for fiscal years 2014 and 2015.

⁽²⁾ Statewide yearly averages were calculated by dividing the total youth camp costs by the total monthly average number of children residing in the youth camps.

**Children's
Mental and
Behavioral
Health Services**

The Division provides mental health services to children and their families in Clark and Washoe Counties. Treatment services are provided through Southern Nevada Child and Adolescent Services (SNCAS) and Northern Nevada Child and Adolescent Services

(NNCAS). SNCAS operates five centers throughout the Las Vegas valley. NNCAS has one primary location in Reno and serves children and families throughout the Reno/Sparks area. Services in the rural region are provided through Rural Community Health Service, Division of Public and Behavioral Health.

Mental health treatment services are provided for children with significant emotional and/or behavioral problems. SNCAS and NNCAS provide assessment, care coordination, and a comprehensive continuum of mental health care services for emotionally disturbed children from birth through 18 years of age. Children served are uninsured, under-insured, or fee-for-service Medicaid recipients. Children are referred by parents, schools, child welfare and juvenile justice agencies, and private mental health providers.

Children's Mental and Behavioral Health Services' revenues and expenditures are recorded in four state budget accounts. During fiscal year 2015, this amounted to over \$31 million, with 74% relating to services provided by SNCAS and 26% by NNCAS. Since fiscal year 2010, Children's Mental and Behavioral Health Services' revenues and expenditures have decreased by \$1.5 million or 5%. Revenue consists of 52% federal and 46% state funds, with the remainder coming from patient collections and rental income. Exhibit 17 shows revenues and expenditures by provider for fiscal years 2010 to 2015.

**Children's Mental and Behavioral Health Services
Revenues and Expenditures
Fiscal Years 2010 to 2015**

Exhibit 17

Provider	2010	2011	2012	2013	2014	2015
SNCAS	\$24,552,989	\$22,145,715	\$21,061,542	\$21,545,408	\$21,406,986	\$22,917,625
NNCAS	7,722,328	6,952,691	7,231,285	7,403,938	7,381,831	8,085,474
Other ⁽¹⁾	255,413	241,478	-	-	-	-
Totals	\$32,530,730	\$29,339,884	\$28,292,827	\$28,949,346	\$28,788,817	\$31,003,099

Source: State accounting system.

⁽¹⁾ Relates to statewide program administrative costs which were not allocated between SNCAS or NNCAS in fiscal years 2010 and 2011.

Southern Nevada Child and Adolescent Services

SNCAS provides community-based outpatient services through early childhood mental health and children's clinical services. Early childhood mental health provides services to children between birth and 6 years of age with emotional disturbance or high risk factors for emotional and behavioral disturbance and associated developmental delays. Children's clinical services provide community-based outpatient, individual, and family oriented mental health services for children 6 through 17 years of age. Other community-based services include Wraparound in Nevada and Mobile Crisis. Wraparound in Nevada provides intensive community-based services to severely emotionally disturbed children ages birth to 18 years who are in the custody of the child welfare system. Mobile Crisis response services provide immediate care and treatment to any child requiring support and intervention with a psychiatric emergency.

SNCAS also provides residential and day treatment services. Residential services are provided at Oasis On-Campus Treatment Homes which provide intensive treatment home services, and Desert Willow Treatment Center which provides inpatient acute psychiatric and residential treatment services. Residential treatment homes are family-style homes providing intensive highly structured treatment for severely emotionally disturbed children 7 to 17 years of age. Day treatment services are provided at the Desert Willow Treatment Center, a psychiatric hospital with two acute psychiatric units comprised of 20 beds serving children 6 to 17 years of age and three residential treatment units with 38 beds serving children 12 to 17 years of age.

During fiscal year 2015, the operating costs for SNCAS were over \$22.9 million, with 44% for community-based outpatient services and 44% for residential and day treatment services. The other 12% represents other non-allocable administrative costs. Since fiscal year 2010, the operating costs for SNCAS have decreased by over \$1.6 million or 7%. Exhibit 18 shows SNCAS operating costs by service type from fiscal years 2010 to 2015.

**SNCAS Costs
Fiscal Years 2010 to 2015**

Exhibit 18

Service Type	2010	2011	2012	2013	2014	2015
<i>Community-Based Outpatient Services</i>						
Early Childhood Mental Health and Children's Clinical Services	\$5,068,429	\$6,454,640	\$6,140,928	\$5,906,486	\$5,835,864	\$6,595,387
Wraparound in Nevada	2,153,721	1,787,057	1,180,146	1,599,868	2,536,498	2,209,180
Mobile Crisis ⁽¹⁾	-	-	-	-	119,018	1,226,995
<i>Residential and Day Treatment Services</i>						
Desert Willow Treatment Center	9,003,037	7,968,795	7,792,716	7,842,426	8,495,800	7,596,232
Oasis On-Campus Treatment Homes ⁽²⁾	-	2,565,823	2,522,261	2,311,222	2,579,441	2,404,156
<i>Other</i> ⁽³⁾	8,327,802	3,369,400	3,425,491	3,885,406	1,840,365	2,885,675
Totals	\$24,552,989	\$22,145,715	\$21,061,542	\$21,545,408	\$21,406,986	\$22,917,625

Source: Auditor prepared from state accounting system and Division records.

⁽¹⁾ Mobile Crisis program started in January 2014.

⁽²⁾ The fiscal year 2010 costs for treatment homes were included in other costs.

⁽³⁾ Other includes administration, maintenance, and other non-allocable costs.

During fiscal year 2015, the monthly average number of children receiving children's mental and behavioral health services was 574. The yearly cost per child was \$39,926. Exhibit 19 shows the monthly average number of children receiving children's mental and behavioral health services at SNCAS and the yearly cost per child from fiscal years 2010 to 2015.

**SNCAS Children and Costs
Fiscal Years 2010 to 2015**

Exhibit 19

Service Type	Monthly Average Number of Children					
	2010	2011	2012	2013	2014	2015
<i>Community-Based Outpatient Services</i>						
Early Childhood Mental Health and Children's Clinical Services	506	436	460	446	375	320
Wraparound in Nevada	307	220	153	184	170	159
Mobile Crisis ⁽¹⁾	-	-	-	-	27	57
<i>Residential and Day Treatment Services</i>						
Desert Willow Treatment Center	24	21	20	23	21	23
Oasis On-Campus Treatment Homes	25	23	19	16	13	15
Totals⁽²⁾	862	700	652	669	606	574

Service Type	Yearly Cost Per Child					
	2010	2011	2012	2013	2014	2015
<i>Community-Based Outpatient Services</i>						
Early Childhood Mental Health and Children's Clinical Services	\$ 10,017	\$ 14,804	\$ 13,350	\$ 13,243	\$ 15,562	\$ 20,611
Wraparound in Nevada	7,015	8,123	7,713	8,695	14,921	13,894
Mobile Crisis ⁽¹⁾	-	-	-	-	4,408	21,526
<i>Residential and Day Treatment Services</i>						
Desert Willow Treatment Center	375,127	379,466	389,636	340,975	404,562	330,271
Oasis On-Campus Treatment Homes ⁽³⁾	-	111,558	132,751	144,451	198,418	160,277
Averages⁽⁴⁾	\$ 28,484	\$ 31,637	\$ 32,303	\$ 32,205	\$ 35,325	\$ 39,926

Source: Auditor prepared from state accounting system and Division records.

⁽¹⁾ Mobile Crisis program started in January 2014.⁽²⁾ According to management, the number of children has decreased over the last 6 fiscal years as a result of fewer low level supervised children and an increase in children with greater needs requiring single rooms and one-on-one treatment.⁽³⁾ The average cost per child cannot be calculated for treatment homes in fiscal year 2010. Treatment home costs were included in other costs.⁽⁴⁾ Yearly averages were calculated by dividing total SNCAS costs by the total monthly average number of children receiving mental and behavioral health services from SNCAS.

Northern Nevada Child and Adolescent Services

NNCAS also provides community-based outpatient services through early childhood mental health and children's clinical services. Residential and day treatment services are provided, as well. Residential services are provided at the Family Learning Homes and Adolescent Treatment Center. Day treatment services are provided at the Adolescent Treatment Center, a 16-bed facility providing staff-secured 24-hour supervised treatment for the most severely emotionally disturbed and behaviorally disordered children 13 to 17 years of age.

During fiscal year 2015, the cost for operating NNCAS was about \$8.1 million, with 43% relating to community-based outpatient

services and 37% to residential and day treatment services. The other 20% represents other non-allocable administrative costs. Since fiscal year 2010, the costs for operating NNCAS has increased by \$363,146 or 5%. Exhibit 20 shows NNCAS operating costs by service type from fiscal years 2010 to 2015.

**NNCAS Costs
Fiscal Years 2010 to 2015**

Exhibit 20

Service Type	2010	2011	2012	2013	2014	2015
<i>Community-Based Outpatient Services</i>						
Early Childhood Mental Health and Children's Clinical Services	\$1,428,552	\$1,258,005	\$1,220,370	\$1,604,726	\$1,651,860	\$1,765,615
Wraparound in Nevada ⁽¹⁾	1,576,121	1,259,052	127,511	1,047,764	1,098,177	1,120,693
Mobile Crisis ⁽²⁾	-	-	-	-	-	617,851
<i>Residential and Day Treatment Services</i>						
Family Learning Homes ⁽¹⁾	1,357,170	1,397,760	2,375,732	1,749,974	1,614,973	1,646,286
Adolescent Treatment Center	1,676,896	1,649,132	1,603,287	1,567,785	1,357,190	1,347,839
Other ⁽³⁾	1,683,589	1,388,742	1,904,385	1,433,689	1,659,631	1,587,190
Totals	\$7,722,328	\$6,952,691	\$7,231,285	\$7,403,938	\$7,381,831	\$8,085,474

Source: Auditor prepared from state accounting system and Division records.

⁽¹⁾ In fiscal year 2012, the costs relating to the Wraparound in Nevada program were reclassified in the state accounting system. Staff internally classified personnel costs, which make up a majority of the program's costs, to Family Learning Homes. In subsequent fiscal years, the costs were internally reclassified to the Wraparound in Nevada program.

⁽²⁾ Mobile Crisis program started in October 2014.

⁽³⁾ Other includes administration, maintenance, and other non-allocable costs.

During fiscal year 2015, the monthly average number of children receiving children's mental and behavioral health services was 325. The yearly cost per child was \$24,878. Exhibit 21 shows the monthly average number of children receiving children's mental and behavioral health services at NNCAS and the yearly cost per child from fiscal years 2010 to 2015.

**NNCAS Children and Costs
Fiscal Years 2010 to 2015**

Exhibit 21

Service Type	Monthly Average Number of Children					
	2010	2011	2012	2013	2014	2015
<i>Community-Based Outpatient Services</i>						
Early Childhood Mental Health and Children's Clinical Services	191	161	166	168	189	169
Wraparound in Nevada	81	63	66	96	98	91
Mobile Crisis ⁽¹⁾	-	-	-	-	-	34
<i>Residential and Day Treatment Services</i>						
Family Learning Homes	15	17	18	19	18	16
Adolescent Treatment Center	14	16	16	15	15	15
Totals	301	257	266	298	320	325
Service Type	Yearly Cost Per Child					
	2010	2011	2012	2013	2014	2015
<i>Community-Based Outpatient Services</i>						
Early Childhood Mental Health and Children's Clinical Services	\$ 7,479	\$ 7,814	\$ 7,352	\$ 9,552	\$ 8,740	\$10,447
Wraparound in Nevada	19,458	19,985	1,932	10,914	11,206	12,315
Mobile Crisis ⁽¹⁾	-	-	-	-	-	18,172
<i>Residential and Day Treatment Services</i>						
Family Learning Homes	90,478	82,221	131,985	92,104	89,721	102,893
Adolescent Treatment Center	119,778	103,071	100,205	104,519	90,479	89,856
Averages⁽²⁾	\$ 25,656	\$ 27,053	\$ 27,185	\$ 24,845	\$23,068	\$ 24,878

Source: Auditor prepared from state accounting system and Division records.

⁽¹⁾ Mobile Crisis program started in October 2014.⁽²⁾ Yearly averages were calculated by dividing total NNCAS costs by the total monthly average number of children receiving mental and behavioral health services from NNCAS.

Recommendations

1. Develop policies and procedures to enforce county child welfare agency statutory reporting deadlines, including taking appropriate action for noncompliance.
2. Follow Division policies and procedures for review of county child welfare agency reports and document the review to demonstrate compliance with statutory requirements. Consider the use of standardized review checklists.

Reliability of Performance Measures Can Be Strengthened

The Division can take steps to strengthen the reliability of its performance measures. Underlying records did not adequately support some of the reported measures and an inappropriate methodology was used for one measure. It is important for performance measures to be reliable because they can affect budget and policy decisions made by agency managers and oversight bodies, and judgments made by stakeholders and the public about the Division's operations. Following written procedures for review and document retention will improve oversight and the reliability of performance measures.

The Division reported 45 performance measures for fiscal year 2014. Appendix B shows the 45 performance measures and reported results listed in the 2015-2017 Executive Budget.

We found that the Division lacked sufficient controls to ensure performance measures were reliable. Control weaknesses were found in 8 of 45 measures.

Detailed supporting documentation was not retained for seven measures. A majority of these measures were derived from electronic spreadsheets, which staff actively updated. Copies of the spreadsheets were not retained. Therefore, since the data is constantly changing, we were unable to verify the reported amounts. Additionally, one of the measures was derived from data obtained from state operated youth centers. Staff used the data in its measurement calculation without reviewing the detailed support to ensure the accuracy of the data reported to them.

Methodology used for calculating one measure was not appropriate. The performance measure tracks the Division's

response to media inquiries within 8 hours. The Division included media inquiries for Clark and Washoe Counties in its measurement calculation, although the Division does not respond to county inquiries. By excluding county inquiries, the fiscal year 2014 measure would have increased from 42% to 75%, which more accurately reflects the Division's performance.

The State Administrative Manual requires records used in computing performance measures be retained for 3 fiscal years. Agencies are also required to assign staff the responsibilities of reviewing the performance measurement procedures and ensuring that they are followed. Division policy reiterates the state document retention and review of measurement calculations requirements.

Key employees involved in calculating and compiling performance measures were unaware of the Division's performance measures policy. Performance measures cannot be considered reliable unless sufficient underlying records support them and calculations are adequately reviewed.

During our prior audit in 2011, recommendations were made to improve the reliability and usefulness of performance measures in assessing program outcomes. Since then, the Division has improved controls in this area as policies and procedures have been developed over performance measures and the percentage of outcome measures has increased from 16% to 60%. Continuing to enhancing controls over performance measures will help improve the reliability.

Recommendation

3. Develop controls to ensure Division and state policies are followed for retaining documentation on the compilation of performance measures and the review of the methodology and calculations used to compute performance measures.

Appendix A

Child Welfare Agency Statutes

Division of Child and Family Services

NRS 432B.180 Duties of Division of Child and Family Services. The Division of Child and Family Services shall:

1. Administer any money granted to the State by the Federal Government.
 2. Request appropriations from the Legislature in amounts sufficient to:
 - (a) Provide block grants to an agency which provides child welfare services in a county whose population is 100,000 or more pursuant to NRS 432B.2185; and
 - (b) Administer a program to provide additional incentive payments to such an agency pursuant to NRS 432B.2165.
 3. Monitor the performance of an agency which provides child welfare services in a county whose population is 100,000 or more through data collection, evaluation of services and the review and approval of agency improvement plans pursuant to NRS 432B.2165.
 4. Provide child welfare services directly or arrange for the provision of those services in a county whose population is less than 100,000.
 5. Coordinate its activities with and assist the efforts of any law enforcement agency, a court of competent jurisdiction, an agency which provides child welfare services and any public or private organization which provides social services for the prevention, identification and treatment of abuse or neglect of children and for permanent placement of children.
 6. Involve communities in the improvement of child welfare services.
 7. Evaluate all child welfare services provided throughout the State and, if an agency which provides child welfare services is not in substantial compliance with any federal or state law relating to the provision of child welfare services, regulations adopted pursuant to those laws or statewide plans or policies relating to the provision of child welfare services, require corrective action of the agency which provides child welfare services.
 8. Coordinate with and assist:
 - (a) Each agency which provides child welfare services in recruiting, training and licensing providers of foster care as defined in NRS 424.017;
 - (b) Each foster care agency licensed pursuant to NRS 424.093 to 424.270, inclusive, in screening, recruiting, licensing and training providers of foster care as defined in NRS 424.017; and
 - (c) A nonprofit or community-based organization in recruiting and training providers of foster care as defined in NRS 424.017 if the Division determines that the organization provides a level of training that is equivalent to the level of training provided by an agency which provides child welfare services.
- (Added to NRS by 1985, 1370; A 1987, 1439; 1993, 2705; 2001 Special Session, 35; 2007, 543, 1501; 2009, 1489; 2011, 2496; 2013, 1453)

NRS 432B.2155 Corrective action or corrective action plan to be carried out by agency which provides child welfare services when necessary; consequences of failing to carry out action or plan within required period; Division of Child and Family Services to adopt regulations.

1. When the Division of Child and Family Services determines pursuant to subsection 7 of NRS 432B.180 that corrective action by an agency which provides child welfare services is necessary, the Division shall notify the agency which provides child welfare services of the specific areas in which the agency is in noncompliance with the federal or state laws, regulations adopted pursuant to such laws or statewide plans or policies and inform the agency which provides child welfare services that it must, within 60 days, carry out the corrective action or develop a corrective action plan.
2. The Division of Child and Family Services shall determine whether to approve a corrective action plan submitted pursuant to subsection 1 within 30 days after receipt. If the Division of Child and Family Services does not approve the plan, the Division of Child and Family Services must notify the agency which provides child welfare services of the deficiencies and allow the agency which provides child welfare services 30 days in which to submit a revised corrective action plan for reconsideration. If a revised corrective action plan is not resubmitted within 30 days, the Division may take any of the actions set forth in subsection 4.
3. After the Division of Child and Family Services approves a corrective action plan, the agency which provides child welfare services must carry out the plan within 90 days.
4. If the agency which provides child welfare services fails to take corrective action or to carry out a corrective action plan within the required period, the Division of Child and Family Services may take one or more of the following actions:

Appendix A

Child Welfare Agency Statutes (continued)

- (a) Withhold money from the agency which provides child welfare services;
- (b) Impose an administrative fine against the agency which provides child welfare services;
- (c) Provide the agency which provides child welfare services with direct supervision and recover the cost and expenses incurred by the Division in providing such supervision; and
- (d) Require the agency which provides child welfare services to determine whether it is necessary to impose disciplinary action that is consistent with the personnel rules of the agency which provides child welfare services against an employee who substantially contributed to the noncompliance of the agency which provides child welfare services with the federal or state laws, regulations adopted pursuant to such laws or statewide plans or policies, including, without limitation, suspension of the employee without pay, if appropriate.

5. The Division of Child and Family Services shall adopt regulations to carry out the provisions of this section, including, without limitation, regulations which prescribe the circumstances under which action must be taken against an agency which provides child welfare services for failure to take corrective action and which specify that any such action by the Division must not impede the provision of child welfare services.

6. The Division of Child and Family Services shall deposit any money received from the administrative fines imposed pursuant to this section with the State Treasurer for credit to the State General Fund. The State Treasurer shall account separately for the money deposited pursuant to this subsection. The money in the account may only be used by the Division to improve the provision of child welfare services in this State, including, without limitation:

(a) To pay the costs associated with providing training and technical assistance and conducting quality improvement activities for an agency which provides child welfare services to assist the agency in any area in which the agency has failed to take corrective action; and

(b) Hiring a qualified consultant to conduct such training, technical assistance and quality improvement activities.
(Added to NRS by 2011, 2492)

Child Welfare Agency Reporting

NRS 432B.216 Agency which provides child welfare services to submit biennial improvement plan; agency to solicit input regarding plan; requirements of plan; agency to submit annual data to Division of Child and Family Services.

1. Each agency which provides child welfare services shall submit an improvement plan to the Division of Child and Family Services on or before January 1 of each odd-numbered year.

2. Before submitting an improvement plan pursuant to subsection 1, the agency must solicit public input regarding the proposed improvement plan. The agency which provides child welfare services shall submit with the improvement plan an explanation of the manner in which the agency solicited such public input and a summary of any input received.

3. The improvement plan must cover a period of 2 years and include, without limitation:

(a) Specific performance targets for improving the safety, permanency and well-being of the children in the care of the agency which provides child welfare services; and

(b) The approach that the agency which provides child welfare services will take to achieve the specific performance targets, including, without limitation, specific strategies that will be used.

4. On or before December 31 of each year, the agency which provides child welfare services must submit to the Division of Child and Family Services data demonstrating the progress that the agency which provides child welfare services has made towards meeting the specific performance targets set forth in the improvement plan submitted pursuant to subsection 1.

(Added to NRS by 2011, 2493)

NRS 432B.2175 Agency which provides child welfare services that receives incentive payment to submit report to Division of Child and Family Services demonstrating percentage of goal achieved.

1. On or before September 1 of the year following the year in which an agency which provides child welfare services is awarded an incentive payment from the program established pursuant to NRS 432B.2165, the agency which provides child welfare services shall submit to the Division of Child and Family Services a report which demonstrates whether the goal established pursuant to NRS 432B.2165 was achieved and, if not, the percentage of the goal that was achieved by June 30 of the fiscal year in which the incentive payment was awarded.

Appendix A

Child Welfare Agency Statutes (continued)

2. If the report submitted pursuant to subsection 1 demonstrates that the agency which provides child welfare services achieved:

(a) A greater percentage of the goal than estimated pursuant to NRS 432B.217, the Division of Child and Family Services shall increase the incentive payment to the agency which provides child welfare services by an amount equal to the additional amount that should have been awarded pursuant to subsection 4 of NRS 432B.217; or

(b) A lower percentage of the goal than estimated pursuant to NRS 432B.217, the agency which provides child welfare services shall reimburse to the Division an amount equal to the additional amount that should not have been awarded pursuant to subsection 4 of NRS 432B.217.

(Added to NRS by 2011, 2495)

NRS 432B.218 Annual report to Governor and Legislature concerning achievement of specific performance targets in improvement plans and specific goals established to receive incentive payment. On or before January 31 of each year, the Division of Child and Family Services shall prepare and submit a report to the Governor and the Legislature which includes, without limitation, information concerning:

1. The progress made by each agency which provides child welfare services in a county whose population is 100,000 or more toward achieving the specific performance targets set forth in an improvement plan submitted by the agency pursuant to NRS 432B.216; and

2. Whether the agency which provides child welfare services in a county whose population is 100,000 or more achieved the specific goal established pursuant to NRS 432B.2165 during the previous fiscal year and, if not, the percentage of the goal that was achieved.

(Added to NRS by 2011, 2495)

County Block Grant

NRS 432B.2185 Block grant awarded to agency which provides child welfare services in county whose population is 100,000 or more; amount and use of block grant.

1. The Division of Child and Family Services shall award a block grant to each agency which provides child welfare services in a county whose population is 100,000 or more for each fiscal year to the extent that money has been appropriated to the Division for that purpose. The amount of the appropriation to the Division of Child and Family Services must be based on the amount appropriated for the previous biennium. The amount of the block grant must be determined for 2 years beginning on July 1 of each odd-numbered year and allocated each fiscal year.

2. An agency which provides child welfare services that receives a block grant pursuant to subsection 1 may use the money allocated for any costs of providing child welfare services without restriction, the agency which provides child welfare services is not required to return any money remaining from that allocation at the end of the fiscal year, and the money does not revert to the State General Fund.

3. If the board of county commissioners of a county whose population is 100,000 or more appropriates to the agency which provides child welfare services for the county an amount less than the amount appropriated to the agency for the fiscal year beginning on July 1, 2010, the Division of Child and Family Services must reduce the amount of the block grant awarded pursuant to subsection 1 by an equal amount.

(Added to NRS by 2011, 2495)

NRS 432B.219 Categorical grants for adoption assistance programs; determination of amount; restrictions on use.

1. The Division of Child and Family Services shall provide a categorical grant to each agency which provides child welfare services for each fiscal year for its adoption assistance program to the extent that money has been appropriated to the Division for that purpose. The amount of the grant must be based upon the estimated cost of the projected growth in the adoption assistance program.

2. The amount of the grant awarded pursuant to subsection 1 must be determined for 2 years beginning on July 1 of each odd-numbered year and allocated each fiscal year.

3. An agency which provides child welfare services that receives a grant pursuant to subsection 1 must use the money allocated only for costs associated with the adoption assistance program. Any money from the grant awarded pursuant to

Appendix A

Child Welfare Agency Statutes (continued)

subsection 1 that has not been used or committed for expenditure by the agency which provides child welfare services by the end of the fiscal year reverts to the State General Fund.

(Added to NRS by 2011, 2496)

NRS 432B.2165 Division of Child and Family Services to administer program to award incentive payment to agency which provides child welfare services in a county whose population is 100,000 or more; application for incentive payment; approval and denial of incentive payment.

1. The Division of Child and Family Services shall administer a program to award incentive payments to an agency which provides child welfare services in a county whose population is 100,000 or more.

2. On or before May 1 of each year, an agency which provides child welfare services may submit an application to the Division of Child and Family Services for an incentive payment.

3. The application for an incentive payment must include, without limitation:

(a) A description of the specific goal that the agency which provides child welfare services agrees to achieve by June 30 of the following year if the incentive payment is awarded;

(b) Baseline data to support the need to achieve the specific goal and which will provide a manner in which to measure whether the goal is achieved or to determine the percentage of the goal that is achieved; and

(c) The amount requested by the agency which provides child welfare services as an incentive payment.

4. If the Division of Child and Family Services does not approve the application, the Division must notify the agency which provides child welfare services of the specific deficiencies in the application and allow the agency to resubmit the application within 30 days.

5. If the Division of Child and Family Services approves the application, the Division of Child and Family Services shall, to the extent that money is available for that purpose, award an incentive payment to the agency which provides child welfare services for the fiscal year beginning on July 1 of the year in which the application is submitted.

(Added to NRS by 2011, 2494)

NRS 432B.217 Application by agency which provides child welfare services for incentive payment in subsequent years; approval of application; amount of subsequent incentive payment.

1. Each year following the award of an incentive payment pursuant to NRS 432B.2165, the agency which provides child welfare services may submit an application on or before May 1 for an incentive payment to be awarded for the next fiscal year beginning on July 1 following approval of the application.

2. The agency which provides child welfare services shall submit the application in the manner set forth in NRS 432B.2165 and must, in addition to the information required pursuant to NRS 432B.2165, include an estimate of the percentage of the goals established in the prior application that will be achieved by the agency which provides child welfare services by June 30.

3. If the Division of Child and Family Services approves the application, the Division shall, to the extent that money has been made available for that purpose, award an incentive payment to the agency which provides child welfare services for the fiscal year beginning on July 1 of the year in which the application is submitted in an amount not to exceed a percentage of the amount awarded for the current fiscal year as determined pursuant to subsection 4.

4. The amount of an incentive payment that may be awarded for the next fiscal year pursuant to this section must be determined by multiplying the amount awarded for the current fiscal year by the percentage point of completion of the goal established for the current fiscal year, up to a maximum of 100 percent of the amount of the incentive payment awarded for the current fiscal year.

(Added to NRS by 2011, 2494)

Appendix B

Division's Performance Measures

Fiscal Year 2014

Activity		Performance Measure	Reported Amount
Child Welfare Services			
1	Integration	Grant Incentive Applications Received Timely	0.00%
2	Integration	Grant Incentive Amounts Earned	100.00%
3	Adoptions	Children Adopted within 24 Months	30.60%
4	Adoptions	Licensed Child-Placing Agencies Reviewed Onsite	100.00%
5	Foster Care	Median Time to Reunification	9 Months
6	Foster Care	Foster Youths with Independent Living Plan	47.05%
7	Clinical/Intensive Family Services	Substantiated Abuse/Neglect Report within Six Months	1.15% ⁽¹⁾
8	Child Protective Services	Child Maltreatment Reports Investigated Timely	65.63%
9	Child Protective Services	Percent of Children without Recurrent Abuse or Neglect	95.30%
10	Review of Child Deaths	Public Disclosures of Child Deaths Posted Timely	63.46%
Juvenile Justice Services			
11	Federal Juvenile Justice and Delinquency Prevention	Number of Violations - Deinstitutionalization	4 ⁽¹⁾
12	Federal Juvenile Justice and Delinquency Prevention	Office of Juvenile Justice and Delinquency Prevention Compliance Rate - Deinstitutionalization of Juvenile Status Offenders	45.11% ⁽¹⁾
13	Federal Juvenile Justice and Delinquency Prevention	Office of Juvenile Justice and Delinquency Prevention Compliance Rate - Jail Removal Requirements	60.15% ⁽¹⁾
14	Community Alternative Correction Placements	Youth Successfully Completing Correction Program	82.90%
15	Community Alternative Correction Placements	Youth with Academic Improvement While in Placement	68.49%
16	Community Alternative Correction Placements	Youth Re-Offending within Three Years of Release	58.68%
17	Juvenile Correction Care	Youth Successfully Completing Correction Program	92.43%
18	Juvenile Correction Care	Youth with Academic Improvement While in Care	88.86%
19	Juvenile Correction Care	Youth Re-Offending within Three Years of Release	54.20%
20	Youth Parole	Youth Successfully Completing Parole Program	44.44%
21	Youth Parole	Youth in School, Training, or Work at Release	28.23%
22	Youth Parole	Youth Re-Offending Under Youth Parole Supervision	54.05%

Source: 2015-2017 Executive Budget.

⁽¹⁾ Last reported amount was for fiscal year 2013.

Appendix B

Division's Performance Measures

Fiscal Year 2014 (continued)

	Activity	Performance Measure	Reported Amount
Children's Mental and Behavioral Health Services			
23	In-Patient Psychiatric Services	Positive Participation in Treatment Responses	90.51%
24	In-Patient Psychiatric Services	Overall Satisfaction with Services	94.95%
25	In-Patient Psychiatric Services	Percent of Children Showing Improved Functioning	94.92%
26	Outpatient Clinical Services	Overall Satisfaction with Services	92.96%
27	Outpatient Clinical Services	Positive Outcome Responses to Services	74.72%
28	Outpatient Clinical Services	Percent of Children Showing Improved Functioning	56.76%
29	Intensive Care Coordination Services	Overall Satisfaction with Services	96.55%
30	Intensive Care Coordination Services	Positive Outcome Responses to Services	83.72%
31	Intensive Care Coordination Services	Percent of Children Showing Improved Functioning	48.70%
32	Residential Rehabilitation Services	Overall Satisfaction with Services	94.74%
33	Residential Rehabilitation Services	Positive Outcome Responses to Services	86.49%
34	Residential Rehabilitation Services	Percent of Children Showing Improved Functioning	60.00%
Administrative and Support Services			
35	Fiscal Services	Contracts Processed within Time Standards	91.23%
36	Fiscal Services	Federal Fiscal Reports Submitted Timely	100.00%
37	Fiscal Services	Customer Satisfaction with Services	86.15%
38	Grants Management	Onsite Reviews Completed	82.67%
39	Personnel and Payroll	Customer Satisfaction with Services	83.45%
40	Information Management Services	System Requirements Met	92.22%
40	Information Management Services	Customer Satisfaction with Services	89.20%
42	Information Management Services	Desktop and Network Tickets Resolved in Five Days	82.03%
43	Systems Advocate Unit	Response to Media Inquiries within Eight Hours	41.67%
44	General	Customer Satisfaction with Division Services	83.55%
45	Victims Assistance Services	Bed Nights Provided	55,074

Source: 2015-2017 Executive Budget.

Appendix C

Audit Methodology

To gain an understanding of the Division of Child and Family Services (Division), we interviewed staff and reviewed statutes, regulations, and policies and procedures significant to its operations. We also reviewed financial information, prior audit reports, budgets, legislative committee minutes, and other information describing the Division's activities. Furthermore, we documented and assessed the adequacy of the Division's internal controls over each major program area including financial and performance data.

To analyze and describe funding and expenditures relating to services provided by the Division, we compiled financial and program related data for each program area. For Child Welfare Services, total revenues and expenditures for fiscal years 2010 to 2015 were determined for each child welfare agency using the state accounting system. Through staff discussions and Division records, we calculated foster care and adoption subsidy payments for each child welfare agency, monthly average number of children receiving services, and payment per child for fiscal years 2010 to 2015. Division records contained data obtained from Unified Nevada Information Technology for Youth (UNITY), Nevada's statewide automated child welfare system. To ensure the reliability of this data, we judgmentally selected one month from each fiscal year and randomly selected 36 children receiving foster care and adoption subsidy services (18 children from each payment type) as listed on UNITY generated reports. We reviewed key data maintained in UNITY for each child selected to ensure foster care or adoption services were provided during the specified period. Additionally, we reviewed the latest federal audit conducted of the system.

To determine statutory compliance of Child Welfare Services' block grants, we identified and reviewed state laws pertaining to

block grant funding. We obtained and reviewed documents submitted by each child welfare agency relating to fiscal year 2015 funding and evaluated the Division's review of these documents. Through staff discussions and Division records, we also determined fiscal year 2015 total block grant funding and the amount allocated to child welfare services, adoption assistance, and incentive funds.

For Juvenile Justice Services, total revenues and expenditures for fiscal years 2010 to 2015 were determined for each service facility using the state accounting system. Through staff discussions and Division records, we calculated youth center and youth camp costs per facility, monthly average number of children residing, and cost per child for fiscal years 2010 to 2015. We also calculated Youth Parole Bureau costs, monthly average number of children served, and cost per child for fiscal years 2010 to 2015. Division records for youth centers and youth parole included electronic data maintained in UNITY. To ensure the reliability of this data, we judgmentally selected one month from each fiscal year and randomly selected 10 children residing in youth centers and 10 children receiving youth parole services as listed on UNITY generated reports. We reviewed key data maintained in UNITY for each child selected to ensure juvenile justice services were provided during the specified period. Division records for youth camps were traced to county generated reports to ensure the reliability of the Division's data input on internal reporting spreadsheets.

For Children's Mental and Behavioral Health Services, total revenues and expenditures for fiscal years 2010 to 2015 were determined for each service provider using the state accounting system. Through staff discussions and Division records, we calculated costs per type of service provided, monthly average number of children served, and cost per child for fiscal years 2010 to 2015. Division records included electronic data maintained in Avatar, the state's children's mental health record and practice management system. To ensure the reliability of this data, we judgmentally selected 1 month from each fiscal year and randomly selected 12 children receiving services provided by Southern and

Northern Nevada Child and Adolescent Services (6 from each provider) as listed on Avatar generated reports. We reviewed key data maintained in Avatar for each child selected to ensure mental and behavioral health services were provided during the specified period.

To evaluate controls over performance measures, we identified the Division's performance data stated in the 2015-2017 Executive Budget. For all 45 performance measures, we discussed each measure with staff and requested supporting documentation to determine the accuracy and completeness of records, and the reasonableness of methodology. We then determined the Division's compliance with State Administrative Manual requirements.

For testing the reliability of the data used in this report and obtained from the Division's information systems, we used nonstatistical audit sampling, which was the most appropriate and cost effective method. Based on our professional judgment, review of authoritative sampling guidance, and consideration of underlying statistical concepts, we believe nonstatistical sampling provides sufficient, appropriate audit evidence to support the information in our audit report.

Our audit work was conducted from May 2015 to February 2016. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In accordance with NRS 218G.230, we furnished a copy of our preliminary report to the Administrator of the Division. On April 18, 2016, we met with agency officials to discuss the results of the audit and requested a written response to the preliminary report. That response is contained in Appendix D which begins on page 39.

Contributors to this report included:

Tammy A. Goetze, CPA
Deputy Legislative Auditor

Jane E. Giovacchini, MS
Audit Supervisor

Jelena Williams, CPA
Deputy Legislative Auditor

Appendix D

Response From the Division of Child and Family Services

BRIAN SANDOVAL
Governor



RICHARD WHITLEY, MS
Director

KELLY WOOLDRIDGE
Administrator

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF CHILD AND FAMILY SERVICES
4126 TECHNOLOGY WAY, SUITE 300
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April 28, 2016

Mr. Rocky Cooper, CPA
Legislative Auditor
Legislative Counsel Bureau
401 S. Carson Street
Carson City, NV 89701

Dear Mr. Cooper,

This letter is in response to the audit report submitted to the Division of Child and Family Services (DCFS) on April 11, 2016. As indicated in the attached response the Division accepts the three recommendations. Please see the detailed response in the attached document.

If you have any questions regarding this response please contact DCFS Administrator Kelly Wooldridge at 775-684-4559 or email at kwooldridge@dcfs.nv.gov. Thank you for your consideration of this response.

Sincerely,

A handwritten signature in black ink that reads "Kelly C. Wooldridge, LCSW".

Kelly C. Wooldridge, LCSW
Administrator
Division of Child and Family Services

cc: Richard Whitley, Director, Department of Health and Human Services
Jane Giovacchini, Audit Supervisor
Ellen Crecelius, Deputy Director, Department of Health and Human Services
Danette Kluever, Deputy Administrator, Division of Child and Family Services

*Nevada Department of Health and Human Services
Helping People -- It's Who We Are And What We Do*

Division of Child and Family Services Response to Audit Recommendations

1. Develop policy and procedures to enforce county child welfare agency statutory reporting deadlines, including taking appropriate action for noncompliance.
 - The Division has a policy regarding submission of Clark and Washoe County Agency Improvement Plans (AIP's). This policy was approved in 2013. The policy does not address appropriate action for non-compliance and is being updated. The Division historically has worked with the Counties by providing technical assistance and feedback regarding the reports to help them in submitting correct reports or changes needed to comply with statutory requirements. At times, this practice of giving feedback and assistance to counties to submit a correct report has made the final reports exceed the deadlines. The Division considered this period of time to be under review by the Division.
 - The Division utilized its policy as the baseline to determine if AIP's were reviewed and approved. This review occurred at the Administrator level. If changes were needed, it was sent back to the agencies for corrections via email by the Administrator or during phone meetings to address needed changes. Although most of the AIP activity and final product was done in a non-formal approach with meetings and dialogue, the Division will create a more formal process that documents communication and timelines.
2. Follow Division policies and procedures for review of county child welfare agency reports and document the review to demonstrate compliance with statutory requirements. Consider the use of standardized review checklists.
 - The Division agrees the process for reviewing the County Incentive applications and improvement plans has not met the standards of a formal evaluation process. The Division is working with a Research Psychologist within the Divisions Children's Mental Health Program to develop a standardized review process. The Division will implement a formal documentation process of communication with the Counties regarding compliance reviews. The policy is being updated to address this issue.
 - The Division would like to make note that as of July 1, 2014 and 2015, both child welfare agencies were in compliance with the submission of their incentive applications per the statewide policy. In addition, as of January 1, 2016, all child welfare agencies submitted their AIP status reports on time. The Division believes it is making progress with these statutory requirements and look forward to further formalization to enhance tracking mechanisms and communication efforts to show activities and dialogue more clearly.
3. Develop controls to ensure Division and state polices are followed for retaining documentation on the compilation of performance measure and the review of the methodology and calculations used to compute performance measures.

- The Division is currently working with our Information Management Services staff to develop programming within UNITY to collect data on performance measures so that excel spreadsheets are not needed.
- The Division is updating the policy regarding collecting, measuring, calculating, and reporting performance measures.

Division of Child and Family Services' Response to Audit Recommendations

<u>Recommendations</u>	<u>Accepted</u>	<u>Rejected</u>
1. Develop policies and procedures to enforce county child welfare agency statutory reporting deadlines, including taking appropriate action for noncompliance	<u> X </u>	<u> </u>
2. Follow Division policies and procedures for review of county child welfare agency reports and document the review to demonstrate compliance with statutory requirements. Consider the use of standardized review checklists.....	<u> X </u>	<u> </u>
3. Develop controls to ensure Division and state policies are followed for retaining documentation on the compilation of performance measures and the review of the methodology and calculations used to compute performance measures	<u> X </u>	<u> </u>
TOTALS	<u> 3 </u>	<u> </u>